

**MAPLETON CITY, UTAH
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED JUNE 30, 2007**

MAPLETON CITY

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INDEPENDENT AUDITOR'S REPORT

August 21, 2007

**Honorable Mayor
Members of the City Council
Mapleton City, Utah**

Council Members:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mapleton City, Utah (City) as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparison for the general fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated August 21, 2007 on my consideration of Mapleton City, Utah's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mapleton City's basic financial statements. The combining nonmajor fund statements and the schedule of impact fees described in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The schedule of impact fees has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on it.


Greg Ogden,
Certified Public Accountant

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This financial summary offers readers of Mapleton City's financial statements a narrative overview and analysis of the financial activities of Mapleton City for the fiscal year ended June 30, 2007. Readers are encouraged to consider the information presented here in conjunction with the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The total net assets of Mapleton City increased \$11, 720,341 to \$44,969,662. The governmental net assets increased by \$6,821,289 and the business-type net assets increased by \$4,899,052.
- The total net assets of \$44,969,662 are made up of \$33,152,978 in capital assets net of related debt and restricted net assets of \$4,139,720 for capital projects, and \$1,942,710 for debt service and \$5,734,254 of unrestricted net assets.
- The General Fund (the primary operating fund) had a decrease in its fund balance of \$152,513 and capital improvements had an increase of \$387,025.

REPORTING THE CITY AS A WHOLE

This discussion and analysis is intended to serve as an introduction to Mapleton City's basic financial statements. Mapleton City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

The government-wide financial statements are designed to provide readers with a broad overview of Mapleton City's finances, in a manner similar to a private-sector business.

- *The statement of net assets* presents information on all of Mapleton City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Mapleton City is improving or deteriorating. However, you will also need to consider other nonfinancial factors.
- *The statement of activities* presents information showing how the City's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Both of the government-wide financial statements distinguish functions of Mapleton City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The government-wide financial statements can be found on pages 11-13 of this report.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Mapleton City also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- **Governmental funds** - These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation included with the fund financial statements.

The only major governmental funds (as determined by generally accepted accounting principles) are the General Fund and the Capital Projects Fund.

- **Proprietary funds** - Mapleton City maintains one type of proprietary fund: enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Mapleton City uses enterprise funds to account for its Water Utility, Sewer Utility, Solid Waste Collection, and Pressurized Irrigation. As determined by generally accepted accounting principles, the Water, Sewer and Pressurized Irrigation funds meet the criteria for major fund classification. The remaining fund is presented as a non-major enterprise fund in the supplementary information section.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Mapleton City, assets exceed liabilities by \$44,969,662.

By far the largest portion of Mapleton City's net assets reflects its investment in capital assets (e.g., land, buildings, infrastructure assets, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

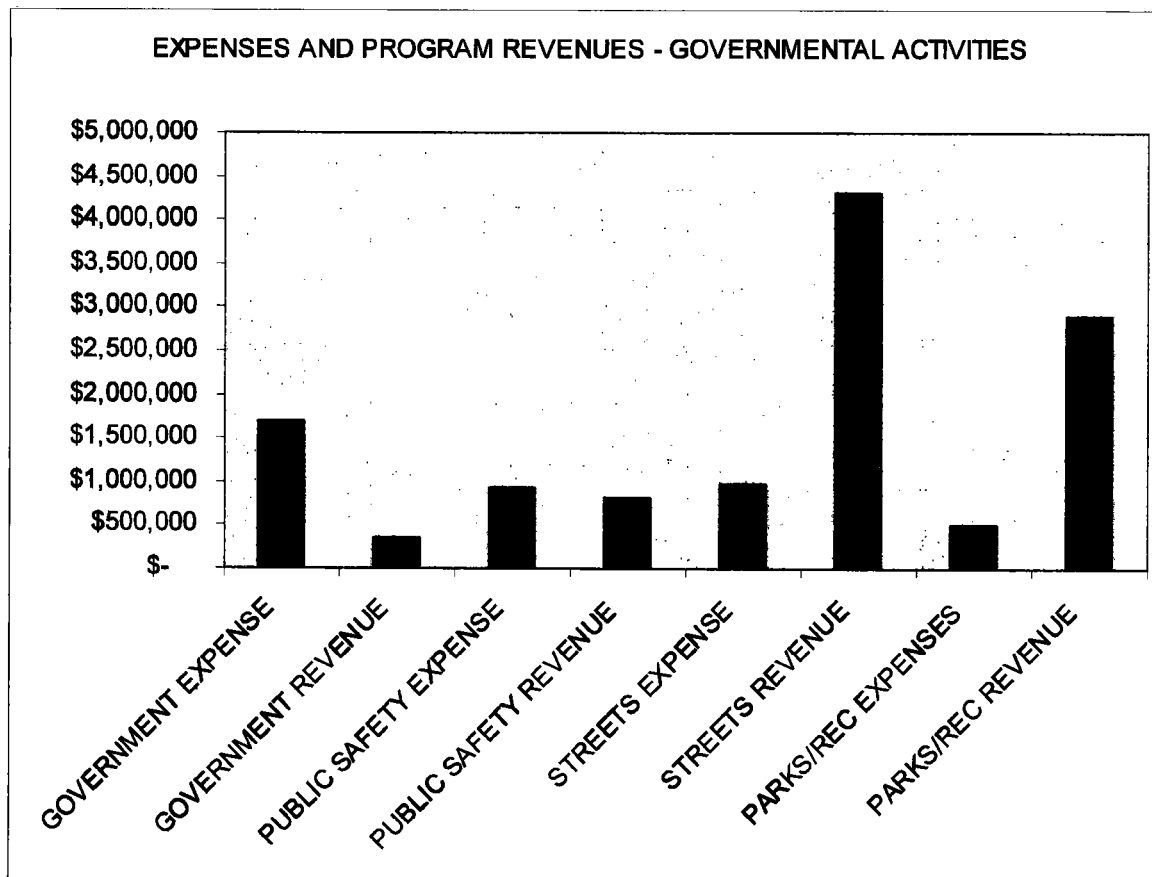
STATEMENT OF NET ASSETS

	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
Current Assets	\$ 1,486,325	\$ 1,540,611	\$ 3,017,905	\$ 3,874,655
Non-Current Assets	<u>19,550,617</u>	<u>29,157,035</u>	<u>18,210,644</u>	<u>21,996,053</u>
Total Assets	<u>21,036,942</u>	<u>30,697,646</u>	<u>21,228,549</u>	<u>25,870,708</u>
Current Liabilities	709,096	906,880	115,619	485,307
Non-Current Liabilities	<u>863,043</u>	<u>3,504,674</u>	<u>7,328,412</u>	<u>6,701,831</u>
Total Liabilities	<u>1,572,139</u>	<u>4,411,554</u>	<u>7,444,031</u>	<u>7,187,138</u>
Net Assets				
Invested in Capital Assets				
Net of Debt	14,907,476	21,170,902	7,569,058	11,982,076
Restricted	3,283,469	2,979,682	3,085,445	3,102,748
Unrestricted	<u>1,273,858</u>	<u>2,135,508</u>	<u>3,130,015</u>	<u>3,598,746</u>
Total Net Assets	<u>\$ 19,464,803</u>	<u>\$ 26,286,092</u>	<u>\$ 13,784,518</u>	<u>\$ 18,683,570</u>

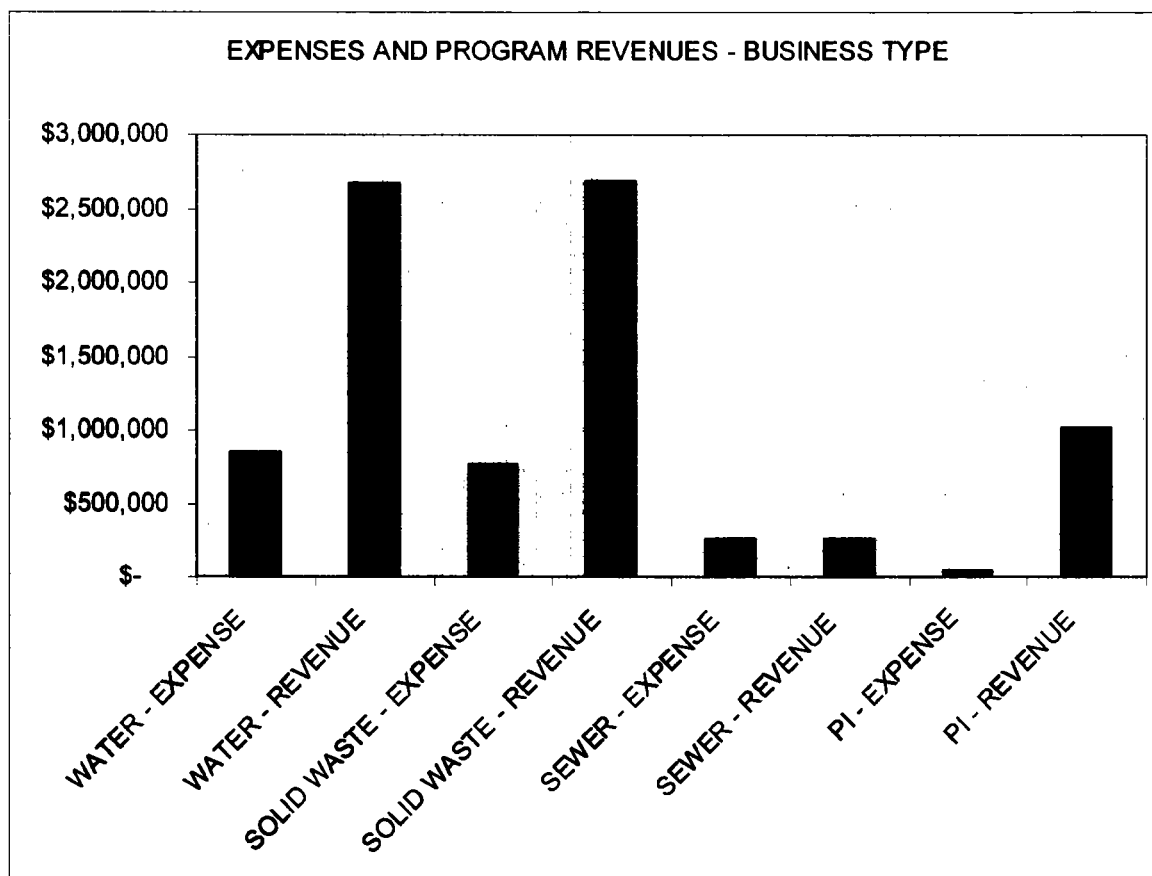
CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
Revenues				
Program Revenues:				
Charges for Services	\$ 795,623	\$ 1,191,244	\$ 2,328,302	\$ 2,305,445
Operating Grants and Contributions	63,446	9,608	0	0
Capital Grants and Contributions	2,064,262	7,171,677	1,740,501	4,323,013
General Revenues:				
Property Taxes	870,174	952,236	0	0
Sales and Use Taxes	603,813	806,315	0	0
Other Taxes	510,272	476,813	0	0
Other Revenues	208,597	432,110	76,071	183,865
Sale of Property/Insurance Claim	<u>496,370</u>	<u>181,816</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>5,612,557</u>	<u>11,221,819</u>	<u>4,144,874</u>	<u>6,812,323</u>
Expenses				
General Government	1,200,605	1,950,823	0	0
Public Safety	751,924	936,896	0	0
Streets	818,372	977,870	0	0
Parks & Recreation	278,350	519,125	0	0
Interest on Long-Term Debt	57,460	15,816	0	0
Water	0	0	729,246	852,976
Solid Waste	0	0	250,729	763,125
Sewer	0	0	701,830	261,758
Pressurized Irrigation	<u>0</u>	<u>0</u>	<u>22,554</u>	<u>35,412</u>
Total Expenses	<u>3,106,711</u>	<u>4,400,530</u>	<u>1,704,359</u>	<u>1,913,271</u>
Change in Net Assets	2,505,846	6,821,289	2,440,515	4,899,052
Net Assets – Beginning	<u>16,958,957</u>	<u>19,464,803</u>	<u>11,344,003</u>	<u>13,784,518</u>
Net Assets – Ending	<u>\$ 19,464,803</u>	<u>\$ 26,286,092</u>	<u>\$ 13,784,518</u>	<u>\$ 18,683,570</u>

The following graph displays the government-wide activities for governmental activities reflected in the above tables. Program revenues included in the first graph are fees charged for specific services performed by the various governmental functions. General revenues such as property taxes, sales and uses taxes, etc. are not included.



As can be seen from the following chart, the majority of revenues in the business-type activities are from sewer and water services.



FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. As of June 30, 2007, the City's governmental funds (General and Capital Projects) reported combined fund equity of \$4,233,320. This represents an increase of \$448,274 from last year's ending balances. The General Fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenses are accounted for in this fund.

Taxes continue to be the largest source of revenue in the General Fund. As stated earlier, the City maintains several enterprise funds to account for the business-type activities of the City. The separate fund statements included in this report provide the same information for business-type activities as is provided in the government-wide financial statements. However, the difference is that the fund statements provide much more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the General Fund original budget was amended from an original budget expenditure total of \$3,070,514 to a final budget of \$4,193,277, due to litigation.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets - Mapleton City's investment in capital assets for its governmental and business-type activities as of June 30, 2007, amounts to \$43,319,217 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, infrastructure (streets, sidewalks, curb and gutter, bridges, etc.), and machinery and equipment. The total increase in the City's investment in fixed assets for the current year was \$12,665,132 (a \$8,901,096 for governmental activities and a \$3,764,036 increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- New Public Works Building in Progress, \$997,097
- Public Safety Vehicles, \$200,806
- Senior Citizens Equipment, \$84,722
- Sewer Vehicles, \$43,630
- Road and Sidewalk Improvements, \$193,213
- Land Purchase for Parks, \$2,500,000
- Mapleton Irrigation Park, \$1,800,000
- Street Sweeper, \$145,130

MAPLETON CITY'S CAPITAL ASSETS

	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
Land	\$ 1,929,851	\$ 6,427,910	\$ 124,381	\$ 124,381
Water Shares	0	0	31,680	31,680
Buildings	2,773,655	2,773,655	4,553	4,553
System Improvements	13,746,452	17,802,665	19,796,622	23,848,301
Machinery & Equipment	1,061,880	1,672,830	797,512	849,133
Construction in Progress	1,760	602,772	0	396,085
Less Accumulated				
Depreciation	<u>(3,769,821)</u>	<u>(4,656,105)</u>	<u>(5,823,294)</u>	<u>(6,558,643)</u>
Net Capital Assets	<u>\$15,743,777</u>	<u>\$24,623,727</u>	<u>\$14,931,454</u>	<u>\$18,695,490</u>

Long-term debt - At June 30, 2007, the City had total debt outstanding of \$10,206,505. Of this amount, \$75,226 is considered to be general obligation debt and is backed by the full faith and credit of the City. These general obligation bonds were issued specifically for water development projects and this enterprise fund will provide all funding for the bonds' repayment. \$8,790,580 is debt secured solely by specific revenue sources. The remainder is notes payable of \$1,269,219 and compensated absences of \$71,480.

MAPLETON CITY'S OUTSTANDING DEBT

	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
General Obligation Bonds				
1988 Water	\$ 0	\$ 0	\$ 104,153	\$ 75,226
Refunding Bonds				
1997 Sewer	0	0	1,801,000	1,630,000
Revenue Bonds				
1995 Sewer	0	0	3,839,080	3,485,080
2004 Sewer	0	0	1,009,000	962,000
2007 Tax Revenue Bond	0	2,753,000	0	0
Less Unamortized Issue Costs	0	(39,500)	0	0
Notes Payable				
1982 GMAC Water	0	0	559,338	531,272
2003 Land Purchase	10,000	5,000	0	0
2005 Community Center Loan	808,971	732,947	0	0
Compensated Absences	<u>44,072</u>	<u>53,227</u>	<u>15,841</u>	<u>18,253</u>
Total	<u>\$ 863,043</u>	<u>\$ 3,504,674</u>	<u>\$7,328,412</u>	<u>\$6,701,831</u>

State statutes limit the amount of general obligation debt a governmental entity may issue to 4% of its total taxable value. The current limitation for the City is \$15,747,238 which is significantly in excess of the City's outstanding general obligation debt. In addition, State statute allows for an additional 4% to be used for water or sewer projects thus resulting in a debt limit of 8% of total taxable value. The current limitation for these water and sewer projects is thus \$31,494,476 which again significantly exceeds the outstanding business-type activity debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The General Fund budget for the fiscal year-ending June 30, 2008 reflects a increase of 1% over the final budget for the fiscal year-ended June 30, 2007.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Mapleton City's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to:

Finance Controller, Mapleton City, 125 West 400 North, Mapleton, UT 84664.

BASIC FINANCIAL STATEMENTS

MAPLETON CITY
STATEMENT OF NET ASSETS
JUNE 30, 2007

	Governmental Activities	Business-type Activities	Totals
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 479,881	\$ 3,625,200	\$ 4,105,081
Accounts Receivable	1,051,867	244,809	1,296,676
Prepaid Expenses	-	4,646	4,646
Fuel Inventory	8,863	-	8,863
TOTAL CURRENT ASSETS	1,540,611	3,874,655	5,415,266
NONCURRENT ASSETS			
Restricted Assets			
Cash and Cash Equivalents	4,533,308	3,023,272	7,556,580
Capital Assets			
Non Depreciable	7,030,682	552,146	7,582,828
Depreciable Assets (net of Depreciation)	17,593,045	18,143,344	35,736,389
Investment in Joint Venture	-	277,291	277,291
TOTAL NONCURRENT ASSETS	29,157,035	21,996,053	51,153,088
TOTAL ASSETS	30,697,646	25,870,708	56,568,354
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable and Accrued Liabilities	125,008	485,307	610,315
Deferred Income	1,453	-	1,453
Developer Completion Bonds Payable	530,419	-	530,419
Contingent Liability	250,000	-	250,000
TOTAL CURRENT LIABILITIES	906,880	485,307	1,392,187
NONCURRENT LIABILITIES			
Due Within One Year	224,706	654,681	879,387
Due in more than One Year	3,279,968	6,047,150	9,327,118
TOTAL NONCURRENT LIABILITIES	3,504,674	6,701,831	10,206,505
TOTAL LIABILITIES	4,411,554	7,187,138	11,598,692
NET ASSETS			
Investment in Capital Assets, Net of Related Debt	21,170,902	11,982,076	33,152,978
Restricted for			
Capital Projects	2,766,627	1,373,093	4,139,720
Debt Service	213,055	1,729,655	1,942,710
Unrestricted	2,135,508	3,598,746	5,734,254
TOTAL NET ASSETS	\$ 26,286,092	\$ 18,683,570	\$ 44,969,662

See the accompanying notes to the financial statements

MAPLETON CITY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2007

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
<u>FUNCTIONS/PROGRAMS</u>				
Governmental Activities				
General Government	\$ 1,950,823	\$ 343,933	\$ -	\$ -
Public Safety	936,896	556,403	9,208	249,808
Streets	977,870	182,287	-	4,131,367
Parks and Recreation	519,125	108,621	400	2,790,502
Interest on Long-Term Debt	15,816	-	-	-
Total Governmental Activities	4,400,530	1,191,244	9,608	7,171,677
Business-type Activities				
Water	852,976	1,032,950	-	1,633,310
Solid Waste	763,125	914,073	-	1,769,204
Sewer	261,758	260,136	-	4,071
Pressurized Irrigation	35,412	98,286	-	916,428
Total Business-type Activities	1,913,271	2,305,445	-	4,323,013
TOTAL PRIMARY GOVERNMENT	\$ 6,313,801	\$ 3,496,689	\$ 9,608	\$ 11,494,690

General Revenues

Property Taxes

Vehicle Taxes

Sales Taxes

Franchise Taxes

Unrestricted Investment Earnings

Miscellaneous

Extraordinary Item

Insurance Claim

Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

See the accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Assets

Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,606,890)	\$ -	\$ (1,606,890)
(121,477)	-	(121,477)
3,335,784	-	3,335,784
2,380,398	-	2,380,398
(15,816)	-	(15,816)
<u>3,971,999</u>	<u>-</u>	<u>3,971,999</u>
-	1,813,284	1,813,284
-	1,920,152	1,920,152
-	2,449	2,449
-	979,302	979,302
<u>-</u>	<u>4,715,187</u>	<u>4,715,187</u>
<u>3,971,999</u>	<u>4,715,187</u>	<u>8,687,186</u>
952,236	-	952,236
92,508	-	92,508
806,315	-	806,315
384,305	-	384,305
384,973	183,865	568,838
47,137	-	47,137
<u>181,816</u>	<u>-</u>	<u>181,816</u>
<u>2,849,290</u>	<u>183,865</u>	<u>3,033,155</u>
6,821,289	4,899,052	11,720,341
<u>19,464,803</u>	<u>13,784,518</u>	<u>33,249,321</u>
<u>\$ 26,286,092</u>	<u>\$ 18,683,570</u>	<u>\$ 44,969,662</u>

MAPLETON CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 479,174	\$ -	\$ 707	\$ 479,881
Property Taxes Receivable	904,782	-	-	904,782
Special Assessments Receivable	1,453	-	-	1,453
Other Receivables	145,632	-	-	145,632
Restricted Cash	1,295,466	3,024,787	213,055	4,533,308
Fuel Inventory	8,863	-	-	8,863
TOTAL ASSETS	\$ 2,835,370	\$ 3,024,787	\$ 213,762	\$ 6,073,919
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 89,886	\$ 33,744	\$ -	\$ 123,630
Compensated Absences	46,539	-	-	46,539
Deferred Revenue	890,011	-	-	890,011
Developer Completion Bonds Payable	530,419	-	-	530,419
Contingent Liability	250,000	-	-	250,000
TOTAL LIABILITIES	1,806,855	33,744	-	1,840,599
FUND BALANCE				
Reserved				
Impact Fees	-	2,321,453	-	2,321,453
Class C Roads	356,901	-	-	356,901
Street Lighting	88,273	-	-	88,273
Debt Service	-	-	213,055	213,055
Unreserved	583,341	669,590	707	1,253,638
TOTAL FUND EQUITY	1,028,515	2,991,043	213,762	4,233,320
TOTAL LIABILITIES AND FUND EQUITY	\$ 2,835,370	\$ 3,024,787	\$ 213,762	\$ 6,073,919

See the accompanying notes to the financial statements

MAPLETON CITY

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS JUNE 30, 2007

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 4,233,320
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*Amounts reported for governmental activities in the statement of
net assets are different because*

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds	24,623,727
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	888,558
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	<u>(3,459,513)</u>
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TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 26,286,092</u>
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See the accompanying notes to the financial statements

MAPLETON CITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2007

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 2,127,002	\$ -	\$ -	\$ 2,127,002
Licenses and Permits	519,373	-	-	519,373
Intergovernmental	306,710	115,928	-	422,638
Charges for Services	574,933	-	-	574,933
Fines and Forfeitures	96,938	-	-	96,938
Interest	265,857	119,116	-	384,973
Miscellaneous	47,137	-	-	47,137
TOTAL REVENUES	3,937,950	235,044	-	4,172,994
EXPENDITURES				
General Government	1,813,899	50,000	-	1,863,899
Public Safety	869,878	6,326	-	876,204
Streets	792,439	-	-	792,439
Parks and Recreation	388,063	63,304	39,946	491,313
Debt Service	-	5,500	107,292	112,792
Capital Outlay	-	1,132,721	2,500,000	3,632,721
TOTAL EXPENDITURES	3,864,279	1,257,851	2,647,238	7,769,368
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	73,671	(1,022,807)	(2,647,238)	(3,596,374)
OTHER FINANCING SOURCES (USES)				
Insurance Claim	181,816	-	-	181,816
Proceeds from Debt Service	-	-	2,753,000	2,753,000
Impact Fees	-	1,109,832	-	1,109,832
Transfers from Other Fund	-	300,000	108,000	408,000
Transfers to Other Fund	(408,000)	-	-	(408,000)
NET OTHER FINANCING SOURCES (USES)	(226,184)	1,409,832	2,861,000	4,044,648
NET CHANGE IN FUND BALANCE	(152,513)	387,025	213,762	448,274
BEGINNING FUND BALANCE	1,181,028	2,604,018	-	3,785,046
ENDING FUND BALANCE	\$ 1,028,515	\$ 2,991,043	\$ 213,762	\$ 4,233,320

See the accompanying notes to the financial statements

MAPLETON CITY

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2007

NET CHANGE IN FUND BALANCE	\$ 448,274
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*Amounts reported for governmental activities in the statement of activities
are different because*

Property taxes will not be collected for several months after the City's fiscal year end. They are not considered to be available revenues in the governmental funds. Deferred property tax revenues increased by this amount this year.	108,362
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Governmental funds report capital outlays as expenditures. In the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	8,879,950
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Issuance of long-term debt provides current financial resources to governmental funds. The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This amount is the net difference in the treatment of long-term debt and related items.	(2,632,476)
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Some revenues and expenses reported in the statement of activities do not add to or required the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.	<u>17,179</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL FUNDS	<u>\$ 6,821,289</u>
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See the accompanying notes to the financial statements

MAPLETON CITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final Budget</u>
<u>REVENUES</u>				
Taxes	\$ 1,838,000	\$ 1,923,422	\$ 2,127,002	\$ 203,580
Licenses and Permits	374,000	440,129	519,373	79,244
Intergovernmental	283,300	370,650	306,710	(63,940)
Charges for Services	172,489	461,298	574,933	113,635
Fines and Forfeitures	90,000	92,750	96,938	4,188
Interest	80,000	238,947	265,857	26,910
Miscellaneous	5,000	47,101	47,137	36
TOTAL REVENUES	2,842,789	3,574,297	3,937,950	363,653
<u>EXPENDITURES</u>				
General Government	1,027,105	1,593,995	1,813,899	(219,904)
Public Safety	857,070	897,981	869,878	28,103
Streets	848,619	889,553	792,439	97,114
Parks and Recreation	337,720	403,748	388,063	15,685
TOTAL EXPENDITURES	3,070,514	3,785,277	3,864,279	(79,002)
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(227,725)	(210,980)	73,671	284,651
<u>OTHER FINANCING SOURCES (USES)</u>				
Insurance Claim	-	181,815	181,816	(1)
Transfers to Other Funds	-	(408,000)	(408,000)	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND USES	(227,725)	(437,165)	(152,513)	284,652
FUND BALANCE ALLOCATION	227,725	437,165	-	(437,165)
EXCESS OF RESOURCES OVER CHARGES TO APPROPRIATIONS	\$ -	\$ -	\$ (152,513)	\$ (152,513)

See the accompanying notes to the financial statements

MAPLETON CITY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Pressurized Irrigation	Nonmajor Enterprise Funds	Total Enterprise Funds
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 2,810,835	\$ 211,503	\$ 421,664	\$ 181,198	3,625,200
Accounts Receivable, Net of Allowance for Uncollectibles	129,736	83,635	7,395	24,043	244,809
Prepaid Expenses	4,646	-	-	-	4,646
TOTAL CURRENT ASSETS	2,945,217	295,138	429,059	205,241	3,874,655
NONCURRENT ASSETS					
Restricted Assets					
Cash and Cash Equivalents	550,731	2,472,541	-	-	3,023,272
Capital Assets					
Land	124,381	-	-	-	124,381
Water Shares	31,680	-	-	-	31,680
Construction in Progress	376,085	20,000	-	-	396,085
Buildings and Structures	4,553	-	-	-	4,553
Improvements	7,277,133	14,998,827	1,572,341	-	23,848,301
Machinery, Equipment and Vehicles	693,305	155,828	-	-	849,133
Less Accumulated Depreciation	(3,221,176)	(3,241,398)	(96,069)	-	(6,558,643)
Investment in Joint Venture	-	-	-	277,291	277,291
TOTAL NONCURRENT ASSETS	5,836,692	14,405,798	1,476,272	277,291	21,996,053
TOTAL ASSETS	8,781,909	14,700,936	1,905,331	482,532	25,870,708
LIABILITIES					
CURRENT LIABILITIES					
Accounts Payable	405,523	30,592	-	19,356	455,471
Accrued Interest Payable	21,819	8,017	-	-	29,836
Compensated Absences	11,686	5,575	-	992	18,253
Current Portion of Long-Term Debt	63,428	573,000	-	-	636,428
TOTAL CURRENT LIABILITIES	502,456	617,184	-	20,348	1,139,988
NONCURRENT LIABILITIES					
Notes Payable	502,213	-	-	-	502,213
Bonds Payable	40,857	5,504,080	-	-	5,544,937
TOTAL NONCURRENT LIABILITIES	543,070	5,504,080	-	-	6,047,150
TOTAL LIABILITIES	1,045,526	6,121,264	-	20,348	7,187,138
NET ASSETS					
Investment in Capital Assets, Net of Related Debt	4,657,644	5,848,160	1,476,272	-	11,982,076
Restricted					
Bond Requirements	279,316	1,450,339	-	-	1,729,655
Water Shares	79,475	-	-	-	79,475
Impact Fees	271,415	1,022,203	-	-	1,293,618
Unrestricted	2,448,533	258,970	429,059	462,184	3,598,746
TOTAL NET ASSETS	\$ 7,736,383	\$ 8,579,672	\$ 1,905,331	\$ 462,184	\$ 18,683,570

See the accompanying notes to the financial statements

MAPLETON CITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2007

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Pressurized Irrigation	Nonmajor Enterprise Funds	Total Enterprise Funds
OPERATING REVENUES					
Charges for Services	\$ 917,381	\$ 888,377	\$ 95,826	\$ 260,136	\$ 2,161,720
Connection Fees	79,771	25,696	2,460	-	107,927
Miscellaneous	35,798	-	-	-	35,798
TOTAL OPERATING REVENUES	1,032,950	914,073	98,286	260,136	2,305,445
OPERATING EXPENSES					
Salaries and Benefits	259,910	134,914	-	35,695	430,519
Operation and Maintenance	358,095	110,461	5,310	226,063	699,929
Depreciation	207,285	497,962	30,102	-	735,349
TOTAL OPERATING EXPENSES	825,290	743,337	35,412	261,758	1,865,797
OPERATING INCOME	207,660	170,736	62,874	(1,622)	439,648
NON-OPERATING REVENUES (EXPENSES)					
Increase in Joint Venture Equity	-	-	-	4,071	4,071
Impact Fees	331,035	684,678	-	-	1,015,713
Interest Income	58,341	125,524	-	-	183,865
Interest Expense	(27,686)	(19,788)	-	-	(47,474)
TOTAL NON-OPERATING REVENUES (EXPENSES)	361,690	790,414	-	4,071	1,156,175
INCOME BEFORE CONTRIBUTIONS	569,350	961,150	62,874	2,449	1,595,823
Developer Contributions	1,302,275	1,084,526	916,428	-	3,303,229
CHANGE IN NET ASSETS	1,871,625	2,045,676	979,302	2,449	4,899,052
TOTAL NET ASSETS AT BEGINNING OF YEAR	5,864,758	6,533,996	926,029	459,735	13,784,518
TOTAL NET ASSETS AT END OF YEAR	\$ 7,736,383	\$ 8,579,672	\$ 1,905,331	\$ 462,184	\$ 18,683,570

See the accompanying notes to the financial statements

MAPLETON CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Pressurized Irrigation	Nonmajor Enterprise Funds	Total Enterprise Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Receipts from Customers	\$ 1,034,167	\$ 909,287	\$ 91,482	\$ 258,709	\$ 2,293,645
Payable to Contractors	376,085	20,000	-	-	396,085
Payments to Suppliers	(365,192)	(110,930)	(5,310)	(224,904)	(706,336)
Payments to Employees	(258,732)	(133,915)	-	(35,461)	(428,108)
NET CASH FLOWS FROM OPERATING ACTIVITIES	786,328	684,442	86,172	(1,656)	1,555,286
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>					
Impact Fees	331,035	684,678	-	-	1,015,713
Acquisition of Capital Assets	(406,656)	(789,500)	-	-	(1,196,156)
Bond Payments	(28,927)	(572,000)	-	-	(600,927)
Note Payments	(28,066)	-	-	-	(28,066)
Interest Expense	(47,284)	(20,179)	-	-	(67,463)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(179,898)	(697,001)	-	-	(876,899)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Interest Income	58,341	125,524	-	-	183,865
NET CASH FLOWS FROM INVESTING ACTIVITIES	58,341	125,524	-	-	183,865
NET CHANGE IN CASH AND CASH EQUIVALENTS	664,771	112,965	86,172	(1,656)	862,252
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,696,795	2,571,079	335,492	182,854	5,786,220
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 3,361,566	\$ 2,684,044	\$ 421,664	\$ 181,198	\$ 6,648,472

See the accompanying notes to the financial statements

MAPLETON CITY
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Pressurized Irrigation	Nonmajor Enterprise Funds	Total Enterprise Funds
<u>RECONCILIATION OF OPERATING</u>					
<u>INCOME TO NET CASH FLOWS FROM</u>					
<u>OPERATING ACTIVITIES</u>					
Operating Income (Loss)	\$ 207,660	\$ 170,736	\$ 62,874	\$ (1,622)	\$ 439,648
Adjustments					
Depreciation	207,285	497,962	30,102	-	735,349
Changes in Assets and Liabilities					
Accounts Receivable, Net	1,217	(4,786)	(6,804)	(1,427)	(11,800)
Accounts Payable	368,988	19,531	-	1,159	389,678
Compensated Absences	1,178	999	-	234	2,411
NET CASH FLOWS FROM OPERATING					
ACTIVITIES	<u>\$ 786,328</u>	<u>\$ 684,442</u>	<u>\$ 86,172</u>	<u>\$ (1,656)</u>	<u>\$ 1,555,286</u>

**Noncash Financing and Investing
Transactions**

Increase in Joint Venture Equity	\$ -	\$ -	\$ -	\$ 4,071	\$ 4,071
Developer Contributions of Fixed Asset	\$ 1,302,275	\$ 1,084,526	\$ 916,428	\$ -	\$ 3,303,229

See the accompanying notes to the financial statements

MAPLETON CITY, UTAH

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Mapleton City, Utah (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of the City's accounting policies.

Financial Reporting Entity

Mapleton City was incorporated in 1855 under the laws of the State of Utah. The City is a municipal corporation governed by an elected five-member Council and Mayor. The City provides municipal services under the following organizational structure:

Mayor, City Council and City Administrator

Financial Services: Finance Director, Treasurer, Recorder and Clerks

Development Services: Planning and Zoning, and Code Enforcement

Public Safety: Police, Fire, Ambulance, EMS, and Animal Control

Public Works: Streets, Parks, Water, Sewer, Pressurized Irrigation,
Buildings and Grounds

Literacy Center: Director and Assistant

The joint venture with South Utah Valley Solid Waste District is included in the City's reporting entity because of the significance of their operational and financial relationship with the City. Complete financial statements of the joint venture, which issued separate financial statements, can be obtained from their administrative offices.

Government-wide and Fund Financial Statements

The government-wide financial statements (statement of net assets and statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) charges to customers who directly benefit from goods or services provided by a given function or activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported as general revenues.

NOTE 1 - (CONTINUED)

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Financial resources used to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than as an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter (within sixty days) to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, use taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The *capital projects* fund is used to account for the acquisition or construction of major capital facilities of the City (other than those financed by proprietary funds).

The City reports the following major proprietary funds:

The *water fund* accounts for the activities of the City's water production, treatment and distribution operations.

The *sewer fund* accounts for the activities of the City's sewer treatment operations.

The *pressurized irrigation fund* accounts for the activities of the City's pressurized irrigation distribution operations.

NOTE 1 - (CONTINUED)

Activities of these three funds include administration, operations and maintenance of the water, sewer and pressurized irrigation as well as billing and collection. The funds also account for the accumulation of resources for, and the payment of, long-term debt principal and interest for all water and sewer fund debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted, if necessary, to ensure the integrity of the funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the general fund by various enterprise funds for the providing of administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, Liabilities and Fund Equity

A. Cash and cash equivalents

Cash includes cash on hand, demand deposits with banks and other financial institutions, and deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts. City policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the Utah Public Treasurer's Investment Fund (Fund) and other investments allowed by the State of Utah's Money Management Act. Investments are reported at fair value. The Fund operates in accordance with state laws and regulations. The reported value of the City's cash in the Fund is the same as the fair value of the Fund shares.

Cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash and so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less, when purchased, meet this definition.

B. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to or due from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government wide financial statements as "internal balances".

NOTE 1 - (CONTINUED)

C. Inventories and prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. These costs are recorded as an expenditure when used. Inventories are recorded at the lower cost or market on a weighted average basis, which approximates the first-in, first out method.

D. Restricted assets

Cash which is restricted to a particular use due to statutory, budgetary or bonding requirements is classified as "restricted cash" on the statement of net assets and on the balance sheets. Restricted cash would be spent first and then unrestricted resources would be used when the restricted funds are depleted.

E. Capital assets

Capital assets, which include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost, if purchased, and at fair market value at the date of the gift, if donated.

Major additions are capitalized, while maintenance and repairs which do not improve or extend the life of the respective assets are charged to expense.

Capital asset depreciation is recognized using the straight-line method over the estimated useful lives as follows:

<u>Classification</u>	<u>Range of Lives</u>
Buildings and structures	20-40 years
Improvements and infrastructure	10-40 years
Machinery, equipment and vehicles	5-20 years

F. Compensated absences

Employees may carry over no more vacation time than they can accumulate in an 18 month period. Accumulated unpaid vacation is accrued as incurred based on the years of service for each employee. Vacation is accumulated on a monthly basis and is fully vested when earned. At retirement, death, or termination, all unpaid accrued vacation is paid to the beneficiary. Proprietary funds expense all accrued vacation amounts when incurred. Governmental funds report an expenditure as the vacation is paid or at termination. Accumulated sick leave is earned monthly. Sick pay amounts are charged to expenditures when incurred. No sick leave is paid at retirement or termination.

NOTE 1 - (CONTINUED)

G. Long-term liabilities

In the government-wide financial statements, and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are recorded net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and are amortized over the life of the related debt. In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

H. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Designations of unreserved fund balances are not required by law or accounting principles, but are further classifications of fund equity to identify funds which are earmarked by the City's management for specific purposes. These represent tentative management plans that are subject to change.

I. Net assets

Net assets represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Inter-Fund Transactions

During the course of normal operations, the City has transactions between funds to subsidize operations in certain funds, to allocate administrative costs, to construct assets, to distribute grant proceeds, etc. . These transactions are generally reflected as operating transfers, which are transfers from a fund authorized to receive certain revenues to the fund through which the resources are to be expended.

Deferred Revenue

Property taxes due November 30, 2007 and unpaid from 2006 as well as special improvement district assessments are shown as deferred revenue.

NOTE 1 - (CONTINUED)

Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Capital Asset Differences

When capital assets (land, buildings, improvements and equipment) are purchased or constructed for use in governmental fund activities, the costs of those assets are reported as expenditures in the governmental funds. However, those costs are reported as capital assets in the statement of net assets. The details of these differences are presented below:

Land	\$ 6,427,910
Construction in Progress	602,772
Buildings	2,773,655
Improvements and Infrastructure	17,802,665
Machinery, Equipment and Vehicles	1,672,830
Less Accumulated Depreciation	<u>(4,656,105)</u>
Net Capital Asset Difference	<u>\$ 24,623,727</u>

Other Long-Term Asset Differences

Property taxes due in November 2007 are reported as deferred revenues in the governmental fund balance sheet. However, they are reported as current year revenues in the statement of net assets. The details of these differences are presented below:

Property taxes collectible in November 2007	<u>\$ 888,558</u>
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NOTE 2 - (CONTINUED)

Long-Term Liability Differences

Long-Term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund balance sheet. All liabilities (both current and long-term) are reported in the statement of net assets. The details of these differences are presented below:

Bonds Payable	\$ (2,753,000)
Unamortized Bond Issue Costs	39,500
Notes Payable	(737,947)
Accrued Interest	(1,378)
Long-Term Compensated Absences	<u>(6,688)</u>
Total Long-Term Liability Difference	<u>\$ (3,459,513)</u>

Explanation of certain differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund financial statements include a reconciliation between changes in fund balances in the governmental funds and changes in net assets in the government-wide statement of activities. This difference primarily results from the long-term economic focus of the statement of activities versus the current financial resource focus of the governmental fund financial statements.

Capital Outlay and Depreciation Differences

Capital outlays are reported as expenditures in the statement of revenues, expenditures and changes in fund balances. They are reported as capital assets, with the costs allocated over the useful lives of the assets, as depreciation, in the statement of activities. The details of these differences are reported below:

Disposed Assets	\$ (21,146)
Developer Contributions	5,648,815
Capital Outlay	4,144,919
Depreciation Expense	<u>(892,638)</u>
Net Difference	<u>\$ 8,879,950</u>

Long-Term Debt Issuance and Repayment Differences

When long-term debt is issued it is reported as an other financing source. Repayments are reported as expenditures in the statement of revenues, expenditures and changes in fund balance. Issuance of debt is reported as a long-term liability and repayments are reported as reductions of those liabilities in the statement of activities. The details of these differences are reported below:

Issuance of Revenue Bonds	\$ (2,753,000)
Bond Issuance Costs	39,500
Note Repayments	<u>81,024</u>
Net Difference	<u>\$ (2,632,476)</u>

NOTE 2 - (CONTINUED)

Other Revenue and Expense Differences

The changes in long-term compensated absences and in accrued interest payable are not reported in the statement of revenues, expenditures and changes in fund balance. Both changes are reported in the statement of activities. The details of these differences are reported below:

Change in Accrued Interest	\$ 15,952
Change in Long-Term Compensated Absences	<u>1,227</u>
Net Difference	<u>\$ 17,179</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Prior to the first regularly scheduled meeting of the City Council in May, the Mayor the City Administrator, and the Finance Director submit to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and proposed sources of revenues.

Between May 1 and June 22, the City Council reviews and adjusts the proposed budget. On or before June 22, a public hearing is held and the budget is legally adopted through passage of a resolution, unless a property tax increase is proposed. If a property tax increase is proposed, a hearing must be held on or before August 17, which does not conflict with other taxing entities that have proposed a property tax increase. At this time the final balanced budget is adopted.

Under Utah State law, the City's budget establishes maximum legal authorization for expenditures during the fiscal year. Expenditures are not to exceed the budgeted amounts, including revisions, except as allowed by the code for certain events.

The Mayor, in conjunction with the appropriate department head, has the authority to transfer budget appropriations within and between any divisions of any budgetary fund. The City Council has the authority to transfer budget appropriations between individual budgetary funds by resolution.

A public hearing must be held to increase the total appropriations of any one governmental fund type; however, after the original public hearing, operating and capital budgets of proprietary fund types may be increased by resolution without an additional hearing.

Annual budgets for the general fund, all debt service funds and capital projects funds were legally adopted by the City and are prepared on the modified-accrual method of accounting.

Although Utah State law requires the initial preparation of budgets for all City funds (both governmental and proprietary), it only requires the reporting of comparisons of actual results to budgets for the general fund and any major special revenue funds.

NOTE 3 - (CONTINUED)

Tax Revenues

Property taxes are collected by the County Treasurer and remitted to the City in two to three installments in November, December, and a final settlement in the first quarter of the calendar year. Taxes are levied and are due and payable on November 1st and are delinquent after November 30th of each year, at which time they become liens if not paid. An accrual of uncollected current and prior year's property taxes beyond that which was received within 60 days after the fiscal year end has not been made, as the amounts are not deemed to be material.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly. An accrual has been made for all taxes received by the State for the period ended June 30th and thus due and payable to the City.

Franchise taxes are charged to various utility companies doing business with the City. The fees are remitted on a monthly, quarterly, or annual basis. An accrual has been made for all fees due and payable to the City at June 30th.

NOTE 4 - DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits as well as time deposits. Investments are stated at cost or amortized cost, which approximates fair value. Each fund's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents" which also includes cash accounts that are separately held by several of the City's funds. Deposits are not collateralized nor are they required to be by State statute.

Deposits and investments for City government are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7) (The Act) and by rules of the Utah Money Management Council (the Council). Following are discussions of the City's exposure to various risks related to its cash management activities.

Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the City to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2007, \$673,343 of the City's bank balances of \$773,343 were uninsured and uncollateralized.

Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The City's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations as defined in the Act.

NOTE 4 - (CONTINUED)

The City government is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subjected to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

The following are the City's investments at June 30, 2007:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
State of Utah Public Treasurer's Investment Fund (PTIF)	\$ 9,094,356	\$ 9,094,356	\$ -	\$ -	\$ -
U.S. Treasuries	<u>1,942,709</u>	<u>150,396</u>	<u>138,108</u>	<u>-</u>	<u>1,654,205</u>
Total Investments	<u>\$11,037,065</u>	<u>\$ 9,244,752</u>	<u>\$ 138,108</u>	<u>\$ -</u>	<u>\$ 1,654,205</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City manages its exposure to declines in fair value by investment mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the City's investments are noted above.

The deposits and investments described above are included on the statement of net assets as per the following reconciliation:

Deposits	\$ 624,396
Investments	11,037,065
Cash on Hand	<u>200</u>
Total	<u>\$ 11,661,661</u>
Cash and Cash Equivalents	\$ 4,105,081
Restricted Cash and Cash Equivalents	<u>7,556,580</u>
Total	<u>\$ 11,661,661</u>

NOTE 5 - RECEIVABLES

Accounts receivable and the associated allowances for uncollectible accounts at June 30, 2007 are presented in the schedule below.

Property taxes are levied on January 1 of 2007, are due in November of 2007, and are budgeted for the 2007 fiscal year. Even though they are not intended to fund the 2007 fiscal year, they must be recognized as an asset because the City has an enforceable claim to the revenue. The property taxes that have been remitted to the City within 60 days of the end of the current fiscal period have been recognized as revenue. The uncollected, measurable amounts have been accrued as deferred revenue.

Franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable within the current period is considered susceptible to accrual as revenue of the current period. All other items are considered to be measurable and available only when cash is received by the City.

The following is a summary of receivables at June 30, 2007:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts Receivable	\$ -	\$ 244,809	\$ 244,809
Property Taxes Receivable	904,782	-	904,782
Special Assessments Receivable	1,453	-	1,453
Class C Road Receivable	58,890	-	58,890
Sales Tax Receivable	63,992	-	63,992
Franchise Tax Receivable	22,750	-	22,750
Total	<u>\$ 1,051,867</u>	<u>\$ 244,809</u>	<u>\$ 1,296,676</u>

NOTE 6 - CAPITAL ASSETS

The following schedule presents the capital activity of the governmental activities for the year ended June 30, 2007:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets not being Depreciated				
Land	\$ 1,929,851	\$ 4,498,059	\$ -	\$ 6,427,910
Construction in Progress	1,760	601,012	-	602,772
Capital Assets being Depreciated				
Buildings	2,773,655	-	-	2,773,655
Improvements and Infrastructure	13,746,452	4,056,213	-	17,802,665
Machinery, Equipment and Vehicles	<u>1,061,880</u>	<u>638,450</u>	<u>27,500</u>	<u>1,672,830</u>
Total	19,513,598	9,793,734	27,500	29,279,832
Less Accumulated Depreciation	<u>(3,769,821)</u>	<u>(892,638)</u>	<u>(6,354)</u>	<u>(4,656,105)</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,743,777</u>	<u>\$ 8,901,096</u>	<u>\$ 21,146</u>	<u>\$ 24,623,727</u>

NOTE 6 - (CONTINUED)

The following schedule presents the capital activity of the business-type activities for the year ended June 30, 2007:

<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets not being Depreciated				
Land	\$ 124,381	\$ -	\$ -	\$ 124,381
Water Shares	31,680	-	-	31,680
Construction in Progress	-	396,085	-	396,085
Capital Assets being Depreciated				
Buildings	4,553	-	-	4,553
Improvements and Infrastructure	19,796,622	4,051,679	-	23,848,301
Machinery, Equipment and Vehicles	<u>797,512</u>	<u>51,621</u>	<u>-</u>	<u>849,133</u>
Total	20,754,748	4,499,385	-	25,254,133
Less Accumulated Depreciation	<u>(5,823,294)</u>	<u>(735,349)</u>	<u>-</u>	<u>(6,558,643)</u>
Business-type Activities Capital Assets, Net	<u>\$ 14,931,454</u>	<u>\$ 3,764,036</u>	<u>\$ -</u>	<u>\$ 18,695,490</u>

Depreciation was charged to the functions/programs of the primary government as follows:

Government Activities	
General Government	\$ 88,151
Public Safety	64,933
Streets	712,742
Parks and Recreation	<u>26,812</u>
Total Depreciation Expense-Governmental Activities	<u>\$ 892,638</u>
Business-type Activities	
Water	\$ 207,285
Sewer	497,962
Pressurized Irrigation	<u>30,102</u>
Total Depreciation Expense-Business-type Activities	<u>\$ 735,349</u>

NOTE 7 - INVESTMENT IN JOINT VENTURES

South Utah Valley Solid Waste District

The City is party to a joint venture with five other municipalities in the South Utah Valley Solid Waste District (the District). The District was created for the purpose of building a landfill and transfer station and operating the same for the benefit of member municipalities. The majority of the District's solid waste revenue comes from these governmental entities. Additional information is as follows:

a. Participants and their percentage shares:

Mapleton City	2.00%
Provo City	69.75%
Springville City	15.00%
Spanish Fork City	11.75%
Salem City	1.50%
Goshen Town	0.00%
	<u>100.00%</u>

- b. The District is governed by a board of directors, which is comprised of six members. The mayor and city council of each member city appoints one director. All decisions of the board are by majority vote, except in the case of a tie. In a tie, the votes would be taken by tonnage. For Provo City to prevail in a tie vote, they would need one additional city to vote with them.
- c. The District's Board of directors governs the operations of the District through management employed by the board. The district is subject to the same laws as the creating entities, therefore, it must follow Utah State laws for cities in the areas of fiscal management, budgeting and financing.
- d. Summary financial information as of the joint venture's last fiscal year end, June 30, 2006 is as follows:

	<u>South Utah Valley Solid Waste District</u>	<u>Mapleton City's Share</u>
Total Assets	\$ 16,922,769	\$ 338,455
Total Liabilities	<u>(3,058,221)</u>	<u>(61,164)</u>
Net Assets	<u>\$ 13,864,548</u>	<u>\$ 277,291</u>
Operating Revenues	\$ 4,105,005	\$ 82,100
Operating Expenditures	<u>(4,265,757)</u>	<u>(85,315)</u>
Net Operating Income (Loss)	(160,752)	(3,215)
Total Non-Operating Income	<u>364,307</u>	<u>7,286</u>
Change in Net Assets	<u>\$ 203,555</u>	<u>\$ 4,071</u>

NOTE 7 - (CONTINUED)

- e. The Joint Venture has the following long-term debt:

	<u>South Utah Valley Solid Waste District</u>	<u>Mapleton City's Share</u>
Closure and Postclosure Liability	\$ 2,691,748	\$ 53,835
Accrued Compensated Absences	<u>167,261</u>	<u>3,345</u>
Total Long-Term Liabilities	\$ <u>2,859,009</u>	\$ <u>57,180</u>

- f. Audited financial statement for the South Utah Valley Solid Waste District are available at the District offices, 2450 West 400 South Springville, Utah.

NOTE 8 - DEFERRED INCOME

Deferred Income consists of \$1,453 of Special Improvement District receivables.

NOTE 9 - DEVELOPER COMPLETION BONDS PAYABLE

The City collects deposits from those wishing to develop land for subdivisions within the City. These amounts are deposited into the City's bank account. The original deposit and any interest earned on the account is returned to the developer after the related project is completed. At June 30, 2007, Mapleton City held deposits from developers, including interest, in the following categories and amounts:

Construction Commitments	\$ 70,027
Construction Bonds	411,574
Subdivision Performance Bonds	<u>48,818</u>
Total Developer Completion Bonds	\$ <u>530,419</u>

NOTE 10 - LONG-TERM DEBT

The following is a summary of changes in long-term debt of the City at June 30, 2007:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds Payable					
2007 Excise Tax					
Revenue Bonds	\$ -	\$ 2,753,000	\$ -	\$ 2,753,000	\$ 94,000
Notes Payable					
2003 Land Purchase	10,000	-	(5,000)	5,000	5,000
2005 Community Center Loan	808,971	-	(76,024)	732,947	79,167
Compensated Absences	<u>44,072</u>	<u>9,155</u>	<u>-</u>	<u>53,227</u>	<u>46,539</u>
	<u>\$ 863,043</u>	<u>\$ 2,762,155</u>	<u>\$ (81,024)</u>	<u>3,544,174</u>	<u>\$ 224,706</u>
Unamortized Bond Issuance Costs				<u>(39,500)</u>	
				<u>\$ 3,504,674</u>	
Business-type Activities					
General Obligation Bonds					
1988 Water	\$ 104,153	\$ -	\$ (28,927)	\$ 75,226	\$ 34,369
Refunding Bonds					
1997 Sewer	1,801,000	-	(171,000)	1,630,000	171,000
Revenue Bonds					
1995 Sewer	3,839,080	-	(354,000)	3,485,080	354,000
2004 Sewer	1,009,000	-	(47,000)	962,000	48,000
Notes Payable					
1982 GMAC Water	559,338	-	(28,066)	531,272	29,059
Compensated Absences	<u>15,841</u>	<u>2,412</u>	<u>-</u>	<u>18,253</u>	<u>18,253</u>
	<u>\$ 7,328,412</u>	<u>\$ 2,412</u>	<u>\$ (628,993)</u>	<u>\$ 6,701,831</u>	<u>\$ 654,681</u>

Long-term debt and obligations payable at June 30, 2007 were as follows:

	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Current Portion</u>	<u>Long-term Balance</u>
Governmental Activities				
Bonds Payable				
Excise Tax Revenue Bonds, Series	3.99% to			
2007 (original amount-- \$2,753,000)	4.71%	2027	\$ 94,000	\$ 2,659,000
Notes Payable				
Community Center Loan				
(original amount-- \$865,000)	6.00%	2021	79,167	653,780
Land Purchase	Varies	2008	5,000	-
Compensated Absences			46,539	6,688
Unamortized Bond Issue Costs			-	(39,500)
Total Governmental Activities Long-term Debt			<u>\$ 224,706</u>	<u>\$ 3,279,968</u>

NOTE 10 - (CONTINUED)

	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Current Portion</u>	<u>Long-term Balance</u>
<u>Business-type Activities</u>				
Bonds Payable				
Water General Obligation Bonds, Series 1988 (original amount-- \$149,000)	0.00%	2009	\$ 34,369	\$ 40,857
Sewer Revenue Bonds, Series 1995 (original amount--\$6,330,000)	0.00%	2017	354,000	3,131,080
Sewer Refunding Bonds, Series 1997 (original amount--\$3,070,000)	0.00%	2017	171,000	1,459,000
Sewer Revenue Bonds, Series 2004 (original amount--\$1,100,000)	2.00%	2004	48,000	914,000
Notes Payable				
GMAC Water Loan, Dated 1982 (original amount--\$950,000)	5.00%	2021	29,059	502,213
Compensated Absences			<u>18,253</u>	<u>-</u>
Total Business-type Activities Long-term Debt			<u>\$ 654,681</u>	<u>\$ 6,047,150</u>

Principal and interest requirements to retire the City's long-term obligations are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Government-Wide</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 178,167	\$ 147,386	\$ 636,428	\$ 60,090	\$ 814,595	\$ 207,476
2009	175,440	144,573	645,368	51,183	820,808	195,756
2010	182,847	137,352	607,037	41,015	789,884	178,367
2011	190,396	129,749	609,639	38,413	800,035	168,162
2012	198,091	121,812	612,320	35,711	810,411	157,523
2013-2017	898,006	485,863	2,971,008	134,233	3,869,014	620,096
2018-2022	740,000	322,916	471,778	50,596	1,211,778	373,512
2023-2027	<u>928,000</u>	<u>134,751</u>	<u>130,000</u>	<u>6,900</u>	<u>1,058,000</u>	<u>141,651</u>
	<u>\$3,490,947</u>	<u>\$1,624,402</u>	<u>\$ 6,683,578</u>	<u>\$ 418,141</u>	<u>\$10,174,525</u>	<u>\$2,042,543</u>

NOTE 11 - RETIREMENT PLANS

Plan Description

Mapleton City contributes to the Local Governmental Noncontributory Retirement System and Public Safety Retirement System cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide retirement benefits, annual cost of living adjustments, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

NOTE 11 - (CONTINUED)

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the systems and plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

Funding Policy

Mapleton City is required to contribute a percent of covered salaries to the respective systems, 11.59% to the Noncontributory and 22.38% to the Public Safety Noncontributory. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The City's contributions to the various systems for the years ending June 30, 2007, 2006, and 2005 respectively were; for the Noncontributory System, \$106,612, \$84,870 and \$73,227; for the Public Safety Noncontributory, \$65,703, \$48,972 and \$39,255 respectively. The contributions were equal to the required contributions for each year.

NOTE 12 - DEFERRED COMPENSATION PLANS

The City sponsors a defined contribution deferred compensation plan administered by the Utah Retirement Systems under the Internal Revenue Code Section 401(k) for City employees covered by the State's contributory and noncontributory retirement plans. The plan, available to certain full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The 401(k) deferred compensation monies are not available to the City or its general creditors. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested in the employee's account from the date of employment. The City participates at rates between 0% and 3.35% depending on the employees' contributions. The rate of City participation can be changed by the City Council. During the years ended June 30, 2007, 2006, and 2005 contributions totaling \$13,961, \$23,054 and \$25,417 respectively, were made to the plan by employees and \$1,752, \$0 and \$3,384, respectively, were made by the City.

NOTE 13 - RISK MANAGEMENT

Mapleton City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City joined together with other governments in the State of Utah to form the Utah Local Governments Trust (ULGT), a public entity risk pool currently operating as a common risk management and insurance program for Utah State governments. The City pays an annual premium to ULGT for its general insurance coverage.

The City also carries comprehensive general liability insurance coverage through a commercial insurance company. Settled claims from this risk type have not exceeded coverage in any of the past three fiscal years.

NOTE 14 - OPERATING TRANSFER RECONCILIATION

The operating transfers among the funds were as follows:

	<u>In</u>	<u>Out</u>
General Fund	\$ -	\$ 408,000
Debt Service Fund	108,000	-
Capital Projects Fund	<u>300,000</u>	<u>-</u>
	<u>\$ 408,000</u>	<u>\$ 408,000</u>

NOTE 15 - CONTINGENCIES

In the past, the City had a culinary water well contaminated by a local business. They are in the process of constructing a replacement well. Once the State Division of Water Quality approves the well, the City will receive approximately \$2,600,000 from a trust account created by the offending business to assist in replacing the well. This is anticipated to happen during the 2008 fiscal year.

Also, the City is involved in various lawsuits arising the normal course of business, including claims for property damage, personal injury and disputes over development fees. The policy of the City is to vigorously defend all claims against the City. The insurance company covers most costs to defend the City against claims. However, the City has accrued a \$250,000 contingent liability to cover potential losses which may arise from various lawsuits and claims which may not be fully covered by insurance.

SUPPLEMENTARY INFORMATION

MAPLETON CITY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007

	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 707	\$ 707
Restricted Cash	<u>213,055</u>	<u>213,055</u>
 TOTAL CURRENT ASSETS	 <u>213,762</u>	 <u>213,762</u>
 TOTAL ASSETS	 <u>\$ 213,762</u>	 <u>\$ 213,762</u>
 FUND BALANCE		
Reserved for Debt Service	\$ 213,055	\$ 213,055
Unreserved	<u>707</u>	<u>707</u>
 TOTAL FUND EQUITY	 <u>\$ 213,762</u>	 <u>\$ 213,762</u>

MAPLETON CITY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2007

	Debt Service	Total Nonmajor Governmental Funds
<u>REVENUES</u>		
Interest	\$ -	\$ -
TOTAL REVENUES	-	-
<u>EXPENDITURES</u>		
Parks and Recreation	39,946	39,946
Debt Service	107,292	107,292
Capital Outlay	2,500,000	2,500,000
TOTAL EXPENDITURES	2,647,238	2,647,238
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(2,647,238)	(2,647,238)
<u>OTHER FINANCING SOURCES (USES)</u>		
Proceeds from Debt Service	2,753,000	2,753,000
Transfers from Other Fund	108,000	108,000
NET OTHER FINANCING SOURCES (USES)	2,861,000	2,861,000
NET CHANGE IN FUND BALANCE	213,762	213,762
BEGINNING FUND BALANCE	-	-
ENDING FUND BALANCE	\$ 213,762	\$ 213,762

MAPLETON CITY
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2007

	<u>Solid Waste</u>	<u>Total Nonmajor Enterprise Funds</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 181,198	\$ 181,198
Accounts Receivable, Net of Allowance for Uncollectibles	<u>24,043</u>	<u>24,043</u>
TOTAL CURRENT ASSETS	<u>205,241</u>	<u>205,241</u>
NONCURRENT ASSETS		
Capital Assets		
Improvements	-	-
Less Accumulated Depreciation	-	-
Other Assets		
Investment in Joint Venture	<u>277,291</u>	<u>277,291</u>
TOTAL NONCURRENT ASSETS	<u>277,291</u>	<u>277,291</u>
TOTAL ASSETS	<u>482,532</u>	<u>482,532</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts Payable	19,356	19,356
Compensated Absences	<u>992</u>	<u>992</u>
TOTAL CURRENT LIABILITIES	<u>20,348</u>	<u>20,348</u>
TOTAL LIABILITIES	<u>20,348</u>	<u>20,348</u>
<u>NET ASSETS</u>		
Unrestricted	<u>462,184</u>	<u>462,184</u>
TOTAL NET ASSETS	<u>\$ 462,184</u>	<u>\$ 462,184</u>

MAPLETON CITY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2007

	Solid Waste	Total Nonmajor Enterprise Funds
<u>OPERATING REVENUES</u>		
Charges for Services	\$ 260,136	\$ 260,136
Connection Fees	-	-
TOTAL OPERATING REVENUES	260,136	260,136
<u>OPERATING EXPENSES</u>		
Salaries and Benefits	35,695	35,695
Operation and Maintenance	226,063	226,063
TOTAL OPERATING EXPENSES	261,758	261,758
OPERATING INCOME (LOSS)	(1,622)	(1,622)
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Increase in Joint Venture	4,071	4,071
TOTAL NON-OPERATING REVENUES (EXPENSES)	4,071	4,071
INCOME BEFORE CONTRIBUTIONS	2,449	2,449
Developer Contributions	-	-
CHANGE IN NET ASSETS	2,449	2,449
TOTAL NET ASSETS AT BEGINNING OF YEAR	459,735	459,735
TOTAL NET ASSETS AT END OF YEAR	\$ 462,184	\$ 462,184

MAPLETON CITY

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Solid Waste</u>	<u>Total Nonmajor Enterprise Funds</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from Customers	\$ 258,709	\$ 258,709
Payments to Suppliers	(224,904)	(224,904)
Payments to Employees	(35,461)	(35,461)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>(1,656)</u>	<u>(1,656)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Acquisition of Capital Assets	-	-
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,656)	(1,656)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>182,854</u>	<u>182,854</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 181,198</u>	<u>\$ 181,198</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Operating Income (Loss)	\$ (1,622)	\$ (1,622)
Changes in Assets and Liabilities		
Accounts Receivable, Net	(1,427)	(1,427)
Accounts Payable	1,159	1,159
Compensated Absences	234	234
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (1,656)</u>	<u>\$ (1,656)</u>
Noncash Financing and Investing Transactions		
Increase in Joint Venture Equity	\$ 4,071	\$ 4,071

MAPLETON CITY
SCHEDULE OF IMPACT FEES
FOR THE YEAR ENDED JUNE 30, 2007

Mapleton City collects public safety, parks and recreation, water and sewer impact fees.
The following is a recap of the impact fees outstanding by year of collection:

Year Collected	Public Safety	Parks and Recreation	Water	Sewer
2005	\$ -	\$ 61,073	\$ -	\$ -
2006	136,767	910,398	-	269,935
2007	<u>260,174</u>	<u>953,041</u>	<u>271,415</u>	<u>752,268</u>
Total	\$ <u>396,941</u>	\$ <u>1,924,512</u>	\$ <u>271,415</u>	\$ <u>1,022,203</u>

The following capital projects are planned to use the impact fees shown above:

Capital Project Planned	Projected Cost	Anticipated Starting Date	Type of Impact Fee
Tennis Courts	\$261,000	Fall 2007	Parks and Recreation
Memorial Hall Roof	\$70,000	Fall 2007	Parks and Recreation
Public Safety Building	\$1,100,000	Fall 2008	Public Safety
Storm Drain Plan	\$100,000	Fall 2007	Water
New Well	\$1,000,000	Fall 2007	Water
Spanish Fork Sewer Upgrade	\$800,000	Fall 2008	Sewer

STATE LEGAL COMPLIANCE REPORT

**GREG OGDEN, CPA
1761 EAST 850 SOUTH
SPRINGVILLE, UT 84663
(801)489-8408**

MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

August 21, 2007

**The Honorable Mayor
Members of the City Council
Mapleton City, Utah**

Council Members:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of Mapleton City, Utah, for the year ended June 30, 2007 and have issued my report thereon dated August 21, 2007. As part of my audit, I have audited Mapleton City's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2007. The City received the following major State assistance programs from the State of Utah:

**"C" Road Funds (Department of Transportation)
Liquor Law Enforcement (State Tax Commission)**

The City also received the following nonmajor grants which are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of the City's financial statements.)

**Law Enforcement Grant
Ambulance Grant**

**Shade Tree Grant
Fire Department Grant**

My audit also included testwork on the City's compliance with the following general compliance requirements identified in the State of Utah Compliance Audit Guide, including:

**Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth in Taxation and Property
Tax Limitations
Class C Road Funds**

**Special Districts
Other General Issues
Uniform Building Code Standards
Liquor Law Enforcement
Justice Court
Impact Fees
Asset Forfeiture**

The management of Mapleton City is responsible for the City's compliance with all compliance requirements identified above. My responsibility is to express an opinion on compliance with those requirements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. I believe that my audit provides a reasonable basis for my opinion.

The results of my audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above which are described in the accompanying management letter. I considered these instances of noncompliance in forming my opinion on compliance, which is expressed in the following paragraph.

In my opinion, Mapleton City, Utah, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2007.

 CPA
Greg Ogden,
Certified Public Accountant

GOVERNMENT AUDITING STANDARDS REPORT

GREG OGDEN, CPA
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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

August 21, 2007

Honorable Mayor
Members of the City Council
Mapleton City, Utah

Council Members:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mapleton City, Utah, (City) as of and for the year ended June 30, 2007, which collectively comprise the basic financial statements and have issued my report thereon dated August 21, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the City's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City's internal control over financial reporting.

My consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. I consider internal control deficiencies #1 through #6 described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, I consider internal control deficiency #1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain matters that I reported to the City's management in the management letter dated August 21, 2007.

This report is intended solely for the information and use of the audit committee, the City's management, others within the organization, and the City Council and is not intended to be and should not be used by anyone other than these specified parties.


Greg Ogden
Certified Public Accountant

MAPLETON CITY, UTAH

MANAGEMENT LETTER
JUNE 30, 2007

**GREG OGDEN, CPA
1761 EAST 850 SOUTH
SPRINGVILLE, UT 84663
(801)489-8408**

MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

August 21, 2007

**Honorable Mayor
Members of the City Council
Mapleton City, Utah**

Council Members:

While planning and performing my audit of the basic financial statements of Mapleton City, Utah (City) for the year ended June 30, 2007, I noted matters regarding compliance with requirements of the *Utah Code* and the City's internal control over financial reporting which need to be addressed by the City's management.

My findings from the audit are attached. I feel that internal control deficiency #1 is a material weakness. I feel that internal control findings #2 through #6 are significant deficiencies. If these weaknesses and deficiencies are left uncorrected, an unacceptable amount of errors could occur without detection.

This report is intended solely for the use of the management of Mapleton City. However, this report is a matter of public record and its distribution is not limited.

By its nature, this report focuses on exceptions, weaknesses and problems. This focus should not be understood to mean that there are not also various strengths and accomplishments. I appreciate the courtesy and assistance extended to me by the personnel of the City during the course of my audit, and I look forward to a continuing professional relationship. I would be pleased to discuss any of these matters with you at your convenience and, if desired, to assist you in implementing any of these suggestions.


**Greg Ogden,
Certified Public Accountant**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

STATE COMPLIANCE FINDINGS

1 FINDING - UNRESTRICTED GENERAL FUND BALANCE

Cities are required to maintain their unrestricted general fund balance to be between five percent and eighteen percent of the subsequent year's budgeted general fund revenues. At June 30, 2007, the City was allowed to have an unrestricted general fund balance between \$144,000 and \$520,000. The City's actual unrestricted general fund balance was \$583,341. This balance was approximately \$63,000 more than allowed.

RECOMMENDATION

The ending unrestricted general fund balance should be closely monitored and any necessary transfers should be made prior to the end of June of each year.

RESPONSE - MAPLETON CITY

We will monitor the ending unrestricted general fund balance closely to avoid this in the future.

2 FINDING - TREASURER'S BONDING COVERAGE

Utah Code 51-7-15 requires the City to secure a fidelity bond for the treasurer based on the previous year's budgeted gross revenues. Mapleton City's budgets have been increasing over the past few years. The City's current level of budgeted gross revenues would require a bond in the amount of approximately \$360,000. The Treasurer is currently bonded for \$300,000.

RECOMMENDATION

I recommend that the amount of the Treasurer's bond be increased sufficiently to comply with the State requirement. Since your original 2008 budget is even higher than the 2007 budget, you will likely need to increase it to \$400,000 or higher to comply next year.

RESPONSE - MAPLETON CITY

This has been corrected and will be monitored closely in the future.

3 FINDING - DEPARTMENTAL BUDGET EXCEEDED

State law requires that departmental expenditures be limited to the budgeted amounts. The general government department's budget was exceeded for the year ended June 30, 2007.

RECOMMENDATION

I recommend that expenditures be kept within the budgeted amounts. The City should review the budget at the end of the year and amend it if necessary to ensure that no departmental budgets are overspent.

RESPONSE - MAPLETON CITY

We monitor our budgets closely. We amended our budget in June to ensure that no departmental budget was overspent. However, after closing the year, we determined that we should accrue a contingent liability which caused our general government department to exceed the approved budget.

INTERNAL CONTROL DEFICIENCIES

1 FINDING - POSTING DEBT-RELATED ADJUSTING ENTRIES

Management does not currently post debt-related adjusting entries in accordance with generally accepted accounting principles. The auditor, with oversight from management, recommends adjusting entries to the City to record the principal and interest payments accurately. The City issued revenue bonds of \$2,753,000 at the end of June, 2007 to purchase land. No entries relating to this bond issue and the land purchase were posted prior to closing the books for the year.

RECOMMENDATION

Management should receive training on posting debt-related activity.

RESPONSE - MAPLETON CITY

We will start the training process to achieve this activity.

2 FINDING - DRAFT FINANCIAL STATEMENTS

The City does not have an employee with the expertise to draft the City's basic financial statements and related footnotes. The auditor, with oversight from management, drafts the financial statements and footnotes. Management then reviews, approves and accepts responsibility for financial statements.

RECOMMENDATION

Management should try to gain as much expertise as possible regarding the preparation of financial statements and footnotes to ensure that they are qualified to review, approve and accept responsibility for the financial statements.

RESPONSE - MAPLETON CITY

We will start the process of learning to write financial statements.

3 FINDING - ALLOCATION OF ACCOUNTS PAYABLE TO THE CORRECT FUNDS

The accounting software used by the City currently posts all accounts payable activity in the general fund, regardless of the fund for which the related expense is incurred.

RECOMMENDATION

The City's accounting software has the capability to record accounts payable in the fund in which the expense has been incurred. You may want to contact your software provider to have them adjust your program so that it records accounts payable correctly. Alternatively, at year-end, you could post adjusting entries allocating the accounts payable to the correct funds.

RESPONSE - MAPLETON CITY

We will contact Caselle about this.

4 FINDING - ADJUSTMENTS TO ACCRUAL BASIS ACCOUNTING

Management does not currently post year-end adjusting entries necessary to adjust the financial statements to accrual basis accounting. For example, entries are not posted to reverse prior year and accrue the current year accounts receivable. The auditor, with oversight from management, recommends adjusting entries to the City to adjust the financial statements to accrual basis accounting.

RECOMMENDATION

Management should receive training on posting year-end accrual basis adjusting entries.

RESPONSE - MAPLETON CITY

We will learn how to post these entries.

5 FINDING - ADJUSTMENTS FOR EQUITY RESERVES

Management does not currently post year-end adjusting entries necessary to adjust the reserved equity accounts for the current year's activity. For example, entries are not posted to adjust the Class C Roads and various impact fee equity reserves to the correct year-end balances. The auditor, with oversight from management, recommends adjusting entries to the City to adjust the reserved equity account for the current year's activity.

RECOMMENDATION

Management should receive training on posting reserved equity account adjusting entries.

RESPONSE - MAPLETON CITY

We will learn how to post these entries.

6 FINDING - ADJUSTMENTS FOR FIXED ASSETS

Management does not currently post year-end adjusting entries necessary to capitalize fixed assets and adjust the depreciation expense and accumulated depreciation to match the depreciation schedules. The auditor, with oversight from management, recommends adjusting entries to the City to capitalize the fixed assets purchased during the year and to match the various funds' depreciation amounts to the depreciation schedules.

RECOMMENDATION

Management should receive training on posting fixed asset and depreciation adjusting entries.

RESPONSE - MAPLETON CITY

We will learn how to post these entries.